

OELWEIN COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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Oelwein Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education (Before September 2010 Election)

Candace King	President	2011
Charlene Stocker	Vice-President	2013
Cindy Wilharm	Board Member	2013
Kathy Adams	Board Member	2011
David Eick	Board Member	2011
David Schmidt	Board Member	2013
Dana Bostian	Board Member	2013

Board of Education (After September 2010 Election)

Candace King	President	2011
Charlene Stocker	Vice-President	2013
Cindy Wilharm	Board Member	2013
Kathy Adams (Resigned June 2011)	Board Member	2011
David Eick	Board Member	2011
David Schmidt	Board Member	2013
Dana Bostian	Board Member	2013
Travis Bushaw	Board Member	2011

School Officials

Steve Westerberg	Superintendent	2011
Joan Loew	District Sec/Treas & Business Manager	2011
Ahlers Law Firm	Attorney	Indefinite

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639
Oelwein, IA 50662
(319)283-1173
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Independent Auditor's Report

To the Board of Education of
Oelwein Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oelwein Community School District, Oelwein, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oelwein Community School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated November 28, 2011 on our consideration of the Oelwein Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 47 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board.

We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oelwein Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.
Certified Public Accountants

November 28, 2011

Oelwein Community School District
Management Discussion and Analysis

Management Discussion and Analysis

Oelwein Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- The District increased its tax levy rate from \$15.76 (per thousand of taxable valuation) in fiscal year 2010 to \$16.32 for fiscal year 2011 an increase of \$.56 (per thousand of taxable valuation). This was due entirely to an increase in the general fund levy.
- General Fund revenues increased \$349,462 from \$13,423,134 in fiscal year 2010 to \$13,772,596 in fiscal year 2011, while General Fund expenditures decreased from \$13,208,914 in fiscal year 2010 to \$13,007,352 in fiscal year 2011.
- The District enrollment experienced a decline in student enrollment when enrollment decreased by 12 students for a total of 1293 students as of October 1, 2010.
- The District ended fiscal year 2011 with a positive special education balance due to a carryover of federal ARRA funding received in 2010.
- On May 1, 2011 the District paid off its \$2.5 million General Obligation Bonds. Annual payments of approximately \$195,000 were paid from the capital projects fund. The maturity of this note will allow for other capital project uses.
- In 2010/2011 the District offered a ten-year health reimbursement account benefit as an early retirement incentive to certified staff, these benefits will be funded from the Management Levy.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds statements* offer *short- and long-term* financial information about the activities the District operates *like businesses*, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

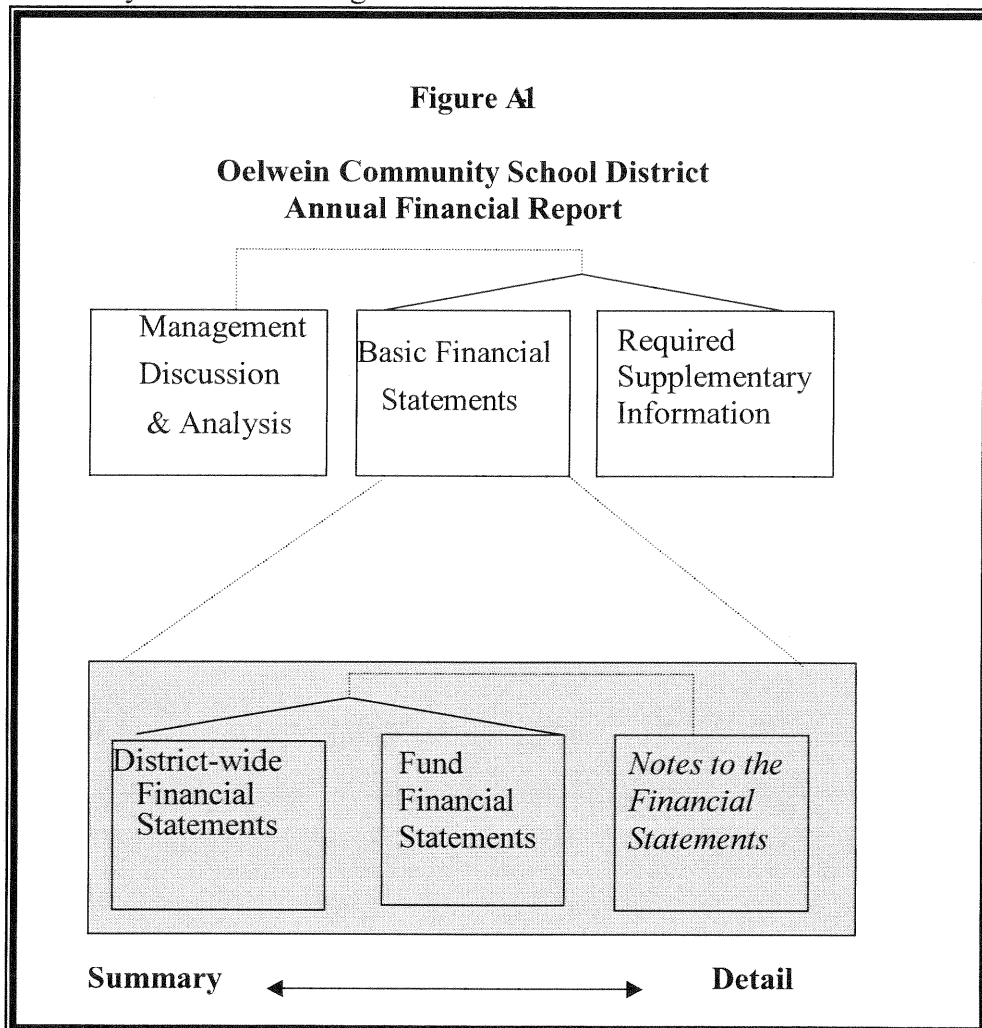


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2: Major Features of the District-Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements

The District-wide statements report information about the district as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net assets. Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2010 and June 30, 2011.

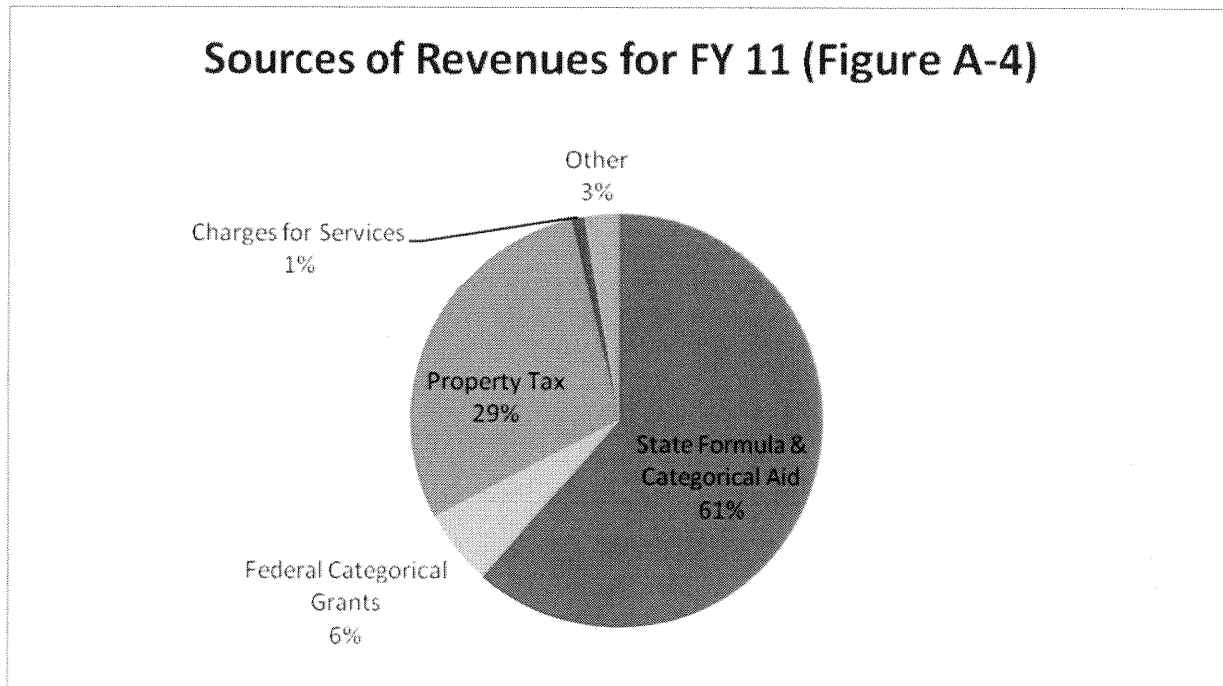
Figure A-3

Condensed Statement of Net Assets (in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Current and other assets	9,998	11,995	125	162	10,123	12,158
Capital assets	12,222	12,015	38	39	12,260	12,053
Total assets	22,220	24,010	163	201	22,383	24,211
Long-term debt outstanding	2,278	1,832	5	4	2,283	1,836
Other liabilities	6,175	6,972	4	4	6,179	6,975
Total liabilities	8,453	8,804	9	8	8,462	8,811
Net assets						
Invested in capital assets, net of related debt	9,997	10,221	38	39	10,035	10,260
Restricted	3,278	3,180	-	-	3,278	3,180
Unrestricted	492	1,806	115	154	607	1,960
Total net assets	13,767	15,207	153	193	13,920	15,400

Note: totals may not add due to rounding.

General Fund revenues increased in FY 2011 over FY 2010. (Figure A-4)



Total General Fund categories decreased expenditures from \$13,208,914 in FY10 to \$13,007,352 in FY11. Instruction percentage was 69% (Figure A-5)

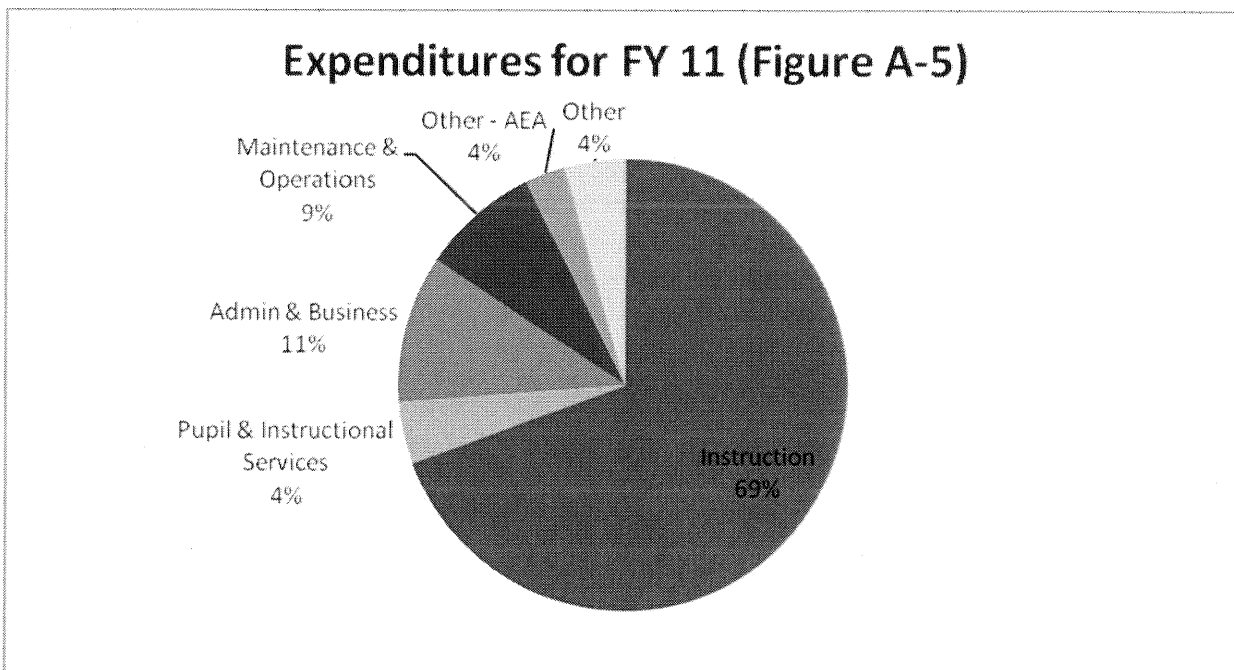


Figure A-6 presents the cost of six major district activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other as compared to FY 2010 costs. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-6
Net Cost of Governmental Activities

	Total Cost of Services <u>2010</u>	Total Cost Of Services <u>2011</u>
Instruction	10,346,636	10,159,620
Pupil & Instructional Services	694,445	646,600
Administrative & Business	1,474,045	1,545,336
Maintenance & operations	1,109,943	1,247,324
Transportation	442,057	410,710
Other	665,898	640,081
Total	14,733,024	14,649,671

Note: totals may not add due to rounding.

- The cost of all governmental activities this year was \$14,649,671.
- The Federal government subsidized certain programs with grants and contributions of \$877,715. The non-federal portion of governmental activities was financed with property tax, state aid based on the statewide finance formula and the remainder with state grants, contributions, tuitions and other revenues.
- Most of the District's costs, however, were financed by District and state taxpayers.

Business-Type Activities

Revenues of the District's business-type activities were \$733,715 and expenses were \$694,116. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

As noted earlier, the Oelwein Community Schools uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,037,301 an increase over last year's ending fund balances of \$3,842,589. The majority of the combined fund balance increase was in the Capital Projects and Physical Plant and the General Fund as the district cut back on expenditures in all funds.

Governmental Fund Highlights

The District's General Fund financial position is the product of many factors. Revenues increased while expenditures decreased from the previous year. The District's General Fund revenues exceeded expenditures which resulted in an increase in the General Fund balance from \$1,482,671 to \$2,247,915 of which \$286,000 is carried over from the federal Ed Jobs funding to be used in fiscal year 2012.

The District ended fiscal 2011 with a Capital Projects Fund balance of \$1,942,216 compared to a fiscal 2010 balance of \$1,123,645. These revenues were spent to pay off the district's general obligation bond, the repayment of the revenue bonds and capital project improvements at the high school.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$162,966 at June 30, 2010 to \$201,276 at June 30, 2011, representing an increase of \$38,310. The district monitors the cost of food and production versus the governmental reimbursement received to determine the appropriate price of meals. Additionally, the district raised the adult lunch prices as required by the National School Lunch program guidelines.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust fund. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is now prepared on an accrual basis. A schedule showing the original amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total actual receipts were less than the total budgeted receipts. The most significant change resulted in receiving less revenue from various components of state sources and more revenue from local and federal sources than anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for Instruction in the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should not exceed the actual expenditures during the year. District expenditures did not exceed the certified budget.

Capital Asset and Debt Administration

Capital Assets

By the end of fiscal 2011, the District had invested in a broad range of assets, including school buildings, administrative office, athletic facilities, computer and audio-visual equipment. (See Figure A-7) Total depreciation expense for the year was \$662,226.

Figure A-7

Capital Assets (net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District	
	2010	2011	2010	2011	2010	2011
Land	879	879			879	879
Buildings	10,487	10,232			10,487	10,232
Equipment & Furniture	855	904	38	39	893	943
Total	12,221	12,015	38	39	12,259	12,054

Long-Term Debt

At year-end, the District had \$1,831,827 in QZAB bonds, sales tax revenue bonds, and other post employment benefits outstanding. This represents a decrease from the previous fiscal year as can be seen in Figure A-8 below. More detailed information about the District's long-term liabilities is available in the notes to the financial statements.

Figure A-8

Outstanding Long-Term Debt (expressed in thousands)

	2010	Total School District 2011
General Obligation Bonds	185	0
Notes Payable	0	0
Revenue Bonds	1,020	780
Revenue Bonds-QZAB	1,000	1,000
Net OPEB Liability	78	51
Total	<u>2,283</u>	<u>1,831</u>

The District had outstanding indebtedness at June 30, 2011 of \$780,000 of an original \$1,900,000 revenue bond issued on July 1, 2005. On November 15, 2007, the district sold \$1,000,000 in Qualified Zone Academy revenue bonds to fund a geothermal system at the Wings Park Elementary School. The District has total outstanding revenue bonded indebtedness at June 30, 2011 of \$1,780,000.

As of June 30, 2011 the District did not exceed its legal debt margin.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- District enrollment in fiscal year 2011-2012 increased approximately 20 students to 1,315 students in total budgeted enrollment. Under Iowa's school funding formula, District funding is highly dependant upon District enrollments. This increase equates to an approximate increase of \$120,000 for fiscal year 2012-2013 based on zero percent allowable growth.
- The District continually reevaluates future estimates of enrollment to determine the financial impact. The District spends approximately 78% of its General Fund expenditures on staffing. Salary and benefit settlements, with any employee group, exceeding the rate of growth of state funding will have an adverse impact upon the District's General Fund budget. Additionally, IPERS employer contribution rates increased by 1.12% to an employer contribution rate of 8.07% beginning July 1, 2011. Medical insurance renewals were at a 1.2% increase which was the lowest increase for a number of years. The district anticipates a lower than average premium increase for 2013 as well.
- The District will continue to monitor its cash flow as it recovers from the state funding cuts in fiscal year 2011. The State of Iowa approved 0% allowable growth for both FY 2012 and 2013, which by formula puts an increase on property tax over state aid.
- Approximately \$800,000 in facility improvements were made during FY 2011. Major renovations at the high school included new locker rooms, gymnasium bleachers, and locker rooms. The high school received \$25,000 from a fire and life safety grant for the installation of a new alarm system. In FY 2012, the district will be eligible to apply for up a \$100,000 grant for an alarm system at the middle school.
- Laptops continue to be provided to each district teacher. The district will spend its remaining \$40,000 in Microsoft funding in fiscal year 2012.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Joan Loew, SFO, Business Manager, Oelwein Community School District, 307 Eighth Avenue S.E., Oelwein, IA 50662.

Oelwein Community School District
Statement of Activities
Year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Instruction:			
Regular instruction	5,856,545	-	-
Special instruction	3,060,241	-	-
Other instruction	1,242,834	-	-
	10,159,620	-	-
Support services:			
Student services	268,869	-	-
Instructional staff services	377,731	-	-
Administration services	369,830	-	-
School Administration	727,306	-	-
Business	448,200	-	-
Operation and maintenance of plant services	1,247,324	-	-
Transportation services	410,710	-	-
	3,849,970	-	-
Non-instructional programs	-		
Other expenditures:			
Long-term debt interest	37,517	-	-
AEA flowthrough	602,564	-	602,564
	640,081	-	602,564
Total governmental activities	14,649,671	-	602,564
Business-Type activities:			
Non-instructional programs:			
Nutrition services	694,116	277,406	456,309
Total	15,343,787	277,406	1,058,873
General Revenues:			
Property tax levied for:			
General purposes			
Debt service			
Special revenue			
Tuition			
Unrestricted state grants			
Federal grants			
Other			
Total general revenues			
Change in net assets			
Net assets beginning of year.			
Net assets end of year			

See notes to financial statements

Oelwein Community School District
Statement of Activities
Year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Instruction:			
Regular instruction	5,856,545	-	-
Special instruction	3,060,241	-	-
Other instruction	1,242,834	-	-
	10,159,620	-	-
Support services:			
Student services	268,869	-	-
Instructional staff services	377,731	-	-
Administration services	369,830	-	-
School Administration	727,306	-	-
Business	448,200	-	-
Operation and maintenance of plant services	1,247,324	-	-
Transportation services	410,710	-	-
	3,849,970	-	-
Non-instructional programs	-		
Other expenditures:			
Long-term debt interest	37,517	-	-
AEA flowthrough	602,564	-	602,564
	640,081	-	602,564
Total governmental activities	14,649,671	-	602,564
Business-Type activities:			
Non-instructional programs:			
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Total	15,343,787	277,406	1,058,873
General Revenues:			
Property tax levied for:			
General purposes			
Debt service			
Special revenue			
Tuition			
Unrestricted state grants			
Federal grants			
Other			
Total general revenues			
Change in net assets			
Net assets beginning of year.			
Net assets end of year			

See notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type activities	Total
(5,856,545)	-	(5,856,545)
(3,060,241)	-	(3,060,241)
(1,242,834)	-	(1,242,834)
(10,159,620)	-	(10,159,620)
-	-	-
(268,869)	-	(268,869)
(377,731)	-	(377,731)
(369,830)	-	(369,830)
(727,306)	-	(727,306)
(448,200)	-	(448,200)
(1,247,324)	-	(1,247,324)
(410,710)	-	(410,710)
(3,849,970)	-	(3,849,970)
-	-	-
-	-	-
(37,517)	-	(37,517)
-	-	-
(37,517)	-	(37,517)
-	-	-
(14,047,107)	-	(14,047,107)
-	39,599	39,599
(14,047,107)	39,599	(14,007,508)
5,545,934	-	5,545,934
-	-	-
-	-	-
148,283	-	148,283
7,853,574	-	7,853,574
1,061,070	-	1,061,070
877,715	-	877,715
15,486,576	-	15,486,576
1,439,469	39,599	1,479,068
13,767,103	153,353	13,920,456
15,206,572	192,952	15,399,524

See notes to financial statements

Oelwein Community School District

Balance Sheet
Governmental Funds

June 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	3,604,283	263,874	2,155,157	739,893	6,763,207
Receivables:					
Property tax:					
Delinquent	65,619	-	3,315	5,403	74,337
Succeeding year	4,093,242	-	460,997	350,000	4,904,239
Accounts	253,565	-	-	-	253,565
Accrued Interest	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	8,016,709	263,874	2,619,469	1,095,296	11,995,348
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	259,670	-	216,256	-	475,926
Salaries and benefits payable	1,056,432	-	-	162,000	1,218,432
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue:					
Succeeding year property tax	4,093,242	-	460,997	350,000	4,904,239
Other	359,450	-	-	-	359,450
Total liabilities	5,768,794	-	677,253	512,000	6,958,047
Fund balances:					
Reserved for:					
Categorical funding	390,469	-	-	-	390,469
Debt service	-	263,792	471,901	-	735,693
Management levy purposes	-	-	-	169,013	169,013
Student Activities	-	-	-	414,283	414,283
School infrastructure	-	-	1,026,219	-	1,026,219
Physical plant and equipment	-	-	444,096	-	444,096
Committed for future equipment purchases	-	-	-	-	-
Unassigned	1,857,446	82	-	-	1,857,528
Total fund balances	2,247,915	263,874	1,942,216	583,296	5,037,301
Total liabilities and fund balances	\$ 8,016,709	263,874	2,619,469	1,095,296	11,995,348

See notes to financial statements

Oelwein Community School District

Reconciliation of the Balance Sheet-Governmental Funds
to the Statement of Net Assets

June 30, 2011

Total fund balances of governmental funds (page 20) \$ 5,037,301

*Amounts reported for governmental activities in the
statement of net assets are different because:*

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported as
assets in the governmental funds. 12,014,758

Accrued interest payable on long-term liabilities is not due
and payable in the current period and, therefore, is not
reported as a liability in the governmental funds. (13,660)

Long-term liabilities, including bonds payable and compensated
absences, are not due and payable in the current period and,
therefore, are not reported as liabilities in the governmental
funds. (1,831,827)

Net assets of governmental activities (page 17) \$ 15,206,572

See notes to financial statements.

Oelwein Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

Year ended June 30, 2011

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$3,985,728	-	1,257,084	303,122	5,545,934
Tuition	148,283	-	-	-	148,283
Other	375,477	343	59,596	442,299	877,715
State sources	8,453,405	-	177	2,556	8,456,138
Federal sources	809,703	-	251,367	-	1,061,070
Total revenues	13,772,596	343	1,568,224	747,977	16,089,140
Expenditures:					
Current:					
Instruction:					
Regular instruction	5,092,913	-	79,898	137,241	5,310,052
Special instruction	3,058,804	-	-	-	3,058,804
Other instruction	852,853	-	-	389,981	1,242,834
	9,004,570	-	79,898	527,222	9,611,690
Support services:					
Student services	268,869	-	-	-	268,869
Instructional staff services	377,731	-	-	-	377,731
General administration services	254,950	-	6,027	107,130	368,107
School administration	727,306	-	-	-	727,306
Business	448,200	-	-	-	448,200
Operation and maintenance of plant services	984,346	-	180,961	71,109	1,236,416
Transportation services	338,816	-	49,075	-	387,891
	3,400,218	-	236,063	178,239	3,814,520
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	397,467	-	397,467
Long-term debt:					
Principal	-	425,000	-	-	425,000
Interest and fiscal charges	-	43,187	-	-	43,187
AEA flowthrough	602,564	-	-	-	602,564
	602,564	468,187	397,467	-	1,468,218
Total expenditures	13,007,352	468,187	713,428	705,461	14,894,428
Excess (deficiency) OF revenues over (under) expenditures	765,244	(467,844)	854,796	42,516	1,194,712
Other financing sources (uses):					
Revenue bonds issued	-	-	-	-	-
Operating transfers in	-	471,169	-	-	471,169
Operating transfers out	-	-	(471,169)	-	(471,169)
Total other financing sources (uses)	-	471,169	(471,169)	-	-
Net change in fund balances	765,244	3,325	383,627	42,516	1,194,712
Fund balances beginning of year, as restated	1,482,671	260,549	1,558,589	540,780	3,842,589
Fund balances end of year	\$2,247,915	263,874	1,942,216	583,296	5,037,301

See notes to financial statements

Oelwein Community School District

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances-Governmental Funds
to the Statement of Activities

Year ended June 30, 2011

Net change in fund balances-total governmental funds (page 22)

\$ 1,194,712

*Amounts reported for governmental activities in the
statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year as follows:

Expenditures for capital assets	446,542	
Depreciation expense	<u>(653,377)</u>	(206,835)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repaid		425,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the government funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		5,670
Other postemployment benefit		<u>20,922</u>

Change in net assets of governmental activities (page 19)

\$ 1,439,469

Oelwein Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2011

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 136,342
Accounts Receivable	-
Inventories	25,807
Capital assets, net of accumulated depreciation	<u>39,127</u>
Total assets	<u>201,276</u>
Liabilities	
Accounts payable	4,150
Net OPED liability	<u>4,174</u>
Total liabilities	<u>8,324</u>
Net Assets	
Invested in capital assets, net of related debt	39,127
Unrestricted	<u>153,825</u>
Total net assets	<u><u>\$ 201,276</u></u>

See notes to financial statements

Oelwein Community School District

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund

Year ended June 30, 2011

	School Nutrition
Operating revenue:	
Local sources:	
Charges for service	\$ 277,406
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	351,169
Purchased services	24,815
Supplies	309,283
Depreciation	8,849
Total operating expenses	694,116
Operating loss	(416,710)
Non-operating revenues:	
State sources	17,538
Federal sources	438,443
Interest income	328
Total non-operating revenues	456,309
Net income	39,599
Net assets beginning of year	153,353
Net assets end of year	\$ 192,952

See notes to financial statements

Oelwein Community School District

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2011

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 278,958
Cash payments to employees for services	(351,169)
Cash payments to suppliers for goods or services	(296,362)
Net cash used in operating activities	<u>(368,573)</u>
Cash flows from non-capital financing sources:	
State grants received	17,538
Federal grants received	388,068
Net cash provided by non-capital financing activities	<u>405,606</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(9,755)
Net cash used by capital and related financing activities	<u>(9,755)</u>
Cash flows from investing activities:	
Interest on investments	<u>328</u>
Net increase in cash and cash equivalents	27,606
Cash and cash equivalents at beginning of year	<u>108,736</u>
Cash and cash equivalents at end of year	<u>\$ 136,342</u>

See notes to financial statements

Oelwein Community School District

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2011

School
Nutrition

**Reconciliation of operating loss to net cash used in
operating activities:**

Operating loss	\$ (416,710)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	50,375
Depreciation	8,849
Decrease in due from other governments	1,552
(Increase) in inventories	(11,350)
(Decrease) in accounts payable	(297)
(Decrease) in other postemployment benefits	(992)
Net cash used in operating activities	<u>\$ (368,573)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$50,375
of federal commodities.

Oelwein Community School District

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2011

	<div>Private Purpose</div> <div>Trust</div> <div>Scholarship</div>
Assets	
Cash and pooled investments	\$ 16,959
Accrued interest receivable	94
Due from other governments	-
Total assets	17,053
Liabilities	
Accounts payable	-
Due to other governments	-
Total liabilities	-
Net Assets	
Reserved for scholarships	\$ 17,053

See notes to financial statements

Oelwein Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2011

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Other	\$ -
Interest	750
Total additions	<u>750</u>
Deductions:	
Support services:	
Scholarships awarded	<u>750</u>
Change in net assets	-
Net assets beginning of year	<u>17,053</u>
Net assets end of year	<u><u>\$ 17,053</u></u>

See notes to financial statements

Notes to Financial Statements

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

Oelwein Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served include the Cities of Oelwein, Hazleton, and Stanley, Iowa, and agricultural territory in Fayette and Buchanan Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oelwein Community School has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Oelwein Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Fayette and Buchanan County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

B. Basis of Presentation (continued)

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the capital project fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

B. Basis of Presentation (continued)

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on the net assets and changes in net assets. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

C. Measurement Focus and Basis of Accounting (continued)

Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restricted classifications – committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

D. Assets, Liabilities and fund Equity (continued)

Property Tax Receivable – Property tax in the governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

D. Assets, Liabilities and fund Equity (continued)

Capital Assets (continued)

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvement other than buildings	2,500
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital Assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 Years
Improvements other than buildings	20-50 Years
Intangibles	5-10 Years
Furniture and equipment	5-15 Years

Salaries and Benefits Payable – Payable and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

D. Assets, Liabilities and fund Equity (continued)

Compensated Absences (continued)

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action if employed to commit those amounts

Unassigned – All amounts not included in other spendable classifications.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

(2) Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-ended management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$277,279 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk – The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) Due From and Due to Other Funds

There were no interfund receivable or payable balances at June 30, 2011.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	<u>471,169</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA, is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

(5) Iowa School Cash Anticipation Program (ISCAP) (continued)

The interest rate on the Series 2010-11A warrant is 1.20% plus the one-month LIBOR rate, adjusted daily. The interest rate on the Series 2010-11B warrants is a variable rate, calculated daily based upon the LIBOR rate plus 120 basis points. A summary of the District's ISCAP activity for the year ended June 30, 2011 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investment	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2010-11A	6/30/2010	6/23/2011	\$ -	-	-	-
2010-11B	1/26/2011	1/25/2012	-	-	-	-
Total			\$ -	-	-	-

(6) Capital Assets

Capital asset activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End Of Year
Governmental activities				
Capital assets not being Depreciated				
Land	\$ 879,013	-	-	879,013
Total capital assets not Being depreciated	879,013	-	-	879,013
Capital assets being Depreciated				
Buildings	15,487,415	202,203	-	15,689,618
Furniture & equipment	2,518,362	244,339	-	2,762,701
Total capital assets Being depreciated	18,005,777	446,542	-	18,452,319
Less accumulated Depreciation for:				
Buildings	5,000,205	457,341	-	5,457,546
Furniture & equipment	1,662,992	196,036	-	1,859,028
Total accumulated Depreciation	6,663,197	653,377	-	7,316,574
Total capital assets Being depreciated, net	11,342,580	(206,835)	-	11,135,745
Governmental activities Capital assets, net	\$ 12,221,593	(206,835)	-	12,014,758

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

(6) Capital Assets (continued)

	Balance Beginning of Year, as restated	Increase	Decrease	Balance End Of Year
Business-type activities:				
Furniture & Equipment	\$ 174,086	9,755	-	183,841
Less accumulated depreciation	135,865	8,849	-	144,714
Business-type activities				
Capital assets, net	\$ 38,221	906	-	39,127

Depreciation expense was charged by the District as follows:

Governmental activities	
Instruction:	
Regular	\$ 567,415
Special	1,437
Support Activities	
Administration	1,723
Operation and maintenance of plant	10,908
Transportation	71,894
Total governmental activities depreciation expense	<u>\$ 653,377</u>
Business-type activities:	
Food services	<u>\$ 8,849</u>

(7) Long-Term Liabilities

Changes in Long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
General obligation bonds	\$ 185,000	-	185,000	-	-
Revenue bonds	1,020,000	-	240,000	780,000	250,000
Revenue bonds	1,000,000	-	-	1,000,000	-
Net OPED Liability	72,749	-	20,922	51,827	-
Total	\$2,277,749	-	445,922	1,831,827	250,000

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Business Type activities:					
Net OPEB liability	\$ 5,166	-	992	4,174	-

Early Retirement

The District offered a one-time voluntary early retirement plan to its certified employees for the 2011/2012 school year only. Eligible employees must have completed 15 fulltime equivalent years of teaching service to the District as a certified employee. The employee must have attained the age of fifty-five (55) as of the date of retirement, which must be no later than August 1, 2011. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee consists of \$600 per month for a maximum of 60 months or the attainment of age 65 to a health reimbursement account in the employee's name. Early retirement benefits paid during the year ended June 30, 2011 totaled \$58,734. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. The benefits payable at June 30, 2011 is estimated to be \$162,000.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

(7) Long-Term Liabilities (continued)

LOCAL OPTION SALES TAX REVENUE BONDS DATED JULY 1, 2005

The Oelwein Community School District received proceeds of \$1,900,000 from the issue of local option sales tax revenue bonds issued July 1, 2005.

Details of the District's June 30, 2011 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	3.40	\$ 250,000	23,070	273,070
2013	3.50	260,000	14,270	274,270
2014	3.60	270,000	4,860	274,860
Total		<u>\$ 780,000</u>	<u>42,200</u>	<u>822,200</u>

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a. \$190,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account
- b. All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c. Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d. Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District did comply with all of the provisions during the year ended June 30, 2011.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

(7) Long-Term Liabilities (continued)

LOCAL OPTION SALES TAX REVENUE BONDS, SERIES 2007 (Qualified Zone Academy Bonds)
dated November 15, 2007

The Oelwein Community School District received proceeds of \$1,000,000 from the issue of revenue bonds dated 11/15/2007. This bond issue is being used for the purpose of defraying the cost of school infrastructure. The entire bond issue matures 11/17/2017 and to provide for the payment of the bonds at maturity there is established with the paying agent an irrevocable trust fund for the benefit of bond holders to be known as the "School Infrastructure Local Option Sales and Services Tax Revenue Bond Escrow Fund" to be invested at 3.88%. Annually, on July first of each year commencing July 1, 2008, there shall be deposited into the sinking fund \$84,530.12 to be invested in accordance with the rules of the Investment Agreement. The Escrow Fund is pledged to the payment of the bonds at maturity.

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$545,534, \$530,637, \$525,295, respectively, and were equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description: The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 161 active and 30 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Midwest Benefits Group. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy: The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

(9) Other Postemployment Benefits (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation: The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No.45. The ARC represents a level of funding that , if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contributions	\$ 1,556,873
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	1,556,873
Contributions made	(1,578,787)
Decrease in net OPEB obligation	(21,914)
Net OPEB obligation beginning of year	77,915
Net OPEB obligation end of year	\$ 56,001

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2011, the District contributed \$1,264,191 to the medical plan. Plan member eligible for benefits contributed \$217,933, or 15% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30,2011	\$1,556,873	100.00%	\$ 56,001

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

(9) Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Program-As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2010, the actuarial accrued liability was \$1.357 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.357 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,493,558, and the ratio of the UAAL to covered payroll was 20.9%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions-Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$348 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Oelwein Community School District

Notes to Financial Statements

June 30, 2011

(10) Risk Management

Oelwein Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from the risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$602,564 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 1,123,645	434,944
Change in fund type classification per Implementation of GASB Statement No. 54	434,944	(434,944)
Balances July 1, 2010, as restated	<u>\$ 1,558,589</u>	<u>-</u>

Required Supplementary Information

Oelwein Community School District
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses
 and Changes in Balances-Budget and Actual -All
 Governmental Funds and Proprietary Fund
 Required Supplementary Information
 Year ended June 30, 2011

	Governmental Fund Types Actual	Proprietary Fund Type Actual
Revenues:		
Local sources	6,571,932	277,734
State sources	8,456,138	17,538
Federal sources	1,061,070	438,443
Total receipts	<u>16,089,140</u>	<u>733,715</u>
Expenditures:		
Instruction	9,611,690	-
Support services	3,814,520	-
Non-instructional programs	-	694,116
Other expenditures	1,468,218	-
Total expenditures	<u>14,894,428</u>	<u>694,116</u>
Excess (deficiency) of revenues over (under) expenditures	1,194,712	39,599
Other financing sources, net	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,194,712	39,599
Balances beginning of year	<u>3,842,589</u>	<u>153,353</u>
Balances end of year	<u><u>5,037,301</u></u>	<u><u>192,952</u></u>

See accompanying independent auditor's report

Total Actual	Budgeted Amounts		Final to Actual Variance- Positive Negative
	Original	Final	
6,849,666	6,790,790	6,790,790	58,876
8,473,676	9,400,707	9,400,707	(927,031)
1,499,513	1,186,000	1,186,000	313,513
16,822,855	17,377,497	17,377,497	(554,642)
9,611,690	11,709,527	11,709,527	2,097,837
3,814,520	4,593,593	4,593,593	779,073
694,116	915,500	915,500	221,384
1,468,218	1,885,250	1,885,250	417,032
15,588,544	19,103,870	19,103,870	3,515,326
1,234,311	(1,726,373)	(1,726,373)	2,960,684
-	-	-	-
1,234,311	(1,726,373)	(1,726,373)	2,960,684
3,995,942	3,126,854	3,126,854	869,088
5,230,253	1,400,481	1,400,481	3,829,772

See accompanying independent auditor's report

Oelwein Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

Oelwein Community School District

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Year ended June 30, 2011

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 1,207	1,207	0.0%	\$ 6,870	17.70%
2010	July 1, 2008	-	1,207	1,207	0.0%	6,610	18.26%
2011	July 1, 2010	-	1,357	1,357	0.0%	6,494	20.90%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPED Cost and Net OPED Obligation, funded status and funding progress.

Other Supplementary Information

Oelwein Community School District

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 325,610	414,283	739,893
Receivable:			
Property tax:			
Delinquent	5,403	-	5,403
Succeeding year	350,000	-	350,000
Total assets	681,013	414,283	1,095,296
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	-	-	-
Salaries and benefits payable	162,000	-	162,000
Deferred revenue:			
Succeeding year property tax	350,000	-	350,000
Other	-	-	-
Total liabilities	512,000	-	512,000
Fund balances:			
Restricted for:			
Management levy purposes	169,013	-	169,013
Student activities	-	414,283	414,283
Total Fund Balances	169,013	414,283	583,296
Total liabilities and fund balances	\$ 681,013	414,283	1,095,296

See accompanying independent auditor's report

Oelwein Community School District

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 303,122	-	303,122
Other	21,335	420,964	442,299
State sources	2,556	-	2,556
Total revenues	327,013	420,964	747,977
Expenditures:			
Current:			
Instruction:			
Regular	137,241	-	137,241
Special			
Other	-	389,981	389,981
Support services:			
Administration	107,130	-	107,130
Operation and maintenance of plant	71,109	-	71,109
Total expenditures	315,480	389,981	705,461
Excess (deficiency) of revenues over (under) expenditures	11,533	30,983	42,516
Fund balances beginning of year	157,480	383,300	540,780
Fund balances end of year	\$ 169,013	414,283	583,296

See accompanying independent auditor's report

Oelwein Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 1,658,024	497,133	2,155,157
Receivable:			
Property tax:			
Delinquent	-	3,315	3,315
Succeeding year	-	460,997	460,997
Due from other governments	-	-	-
Total assets	<u>1,658,024</u>	<u>961,445</u>	<u>2,619,469</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	159,904	56,352	216,256
Deferred revenue:			
Succeeding year property tax	-	460,997	460,997
Other	-	-	-
Total liabilities	<u>159,904</u>	<u>517,349</u>	<u>677,253</u>
Fund balances:			
Restricted for:			
Debt service	471,901		471,901
School infrastructure	1,026,219	-	1,026,219
Physical plant and equipment	-	444,096	444,096
Total fund balances	<u>1,498,120</u>	<u>444,096</u>	<u>1,942,216</u>
Total liabilities and fund balances	<u>\$ 1,658,024</u>	<u>961,445</u>	<u>2,619,469</u>

See accompanying independent auditor's report

Oelwein Community School District

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2011

	Capital Projects		
	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 837,712	419,372	1,257,084
Other	13,410	46,186	59,596
State sources	-	177	177
Federal sources	246,700	4,667	251,367
Total revenues	1,097,822	470,402	1,568,224
Expenditures:			
Instruction:			
Regular instruction	-	79,898	79,898
Support services:			
Administration	-	6,027	6,027
Operation and maintenance of plant services	85,205	95,756	180,961
Transportation	-	49,075	49,075
Other expenditures:			
Facilities acquisition	166,973	230,494	397,467
Total expenditures	252,178	461,250	713,428
Excess (deficiency) of revenues over (under) expenditures	845,644	9,152	854,796
Other financing sources (uses)			
Operating transfers out	(471,169)	-	(471,169)
Excess of revenues and other financing sources over expenditures and other financing sources	374,475	9,152	383,627
Fund balances beginning of year, as restated	1,123,645	434,944	1,558,589
Fund balances end of year	\$ 1,498,120	444,096	1,942,216

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Changes in Special Revenue Fund
 Student Activity Accounts
 Year ended June 30, 2011

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Central Office</u>					
Americorp	\$ -	-	-	-	-
Alternative School	1,143	-	1,717	1,784	1,076
Alternative School Activity	35	-	-	-	35
Food and Fitness	-	-	4,990	2,299	2,691
Miscellaneous Revolving Receipts	7,180	-	-	-	7,180
District Football	-	-	-	-	-
Elementary Building Account	25,746	-	49,518	29,705	45,559
LHLC Building Account	-	-	-	-	-
K-1 Building Account	12,158	-	22,896	23,442	11,612
Old Creamery	-	-	6,410	3,770	2,640
Office Account	-	148	2,868	3,016	-
Safety Fair	-	-	1,039	774	265
Computer Fee	-	-	-	-	-
Husky Hub Center	16,260	(1,360)	3,416	12,267	6,049
Transfers-Central Office	-	-	-	-	-
Total	62,522	(1,212)	92,854	77,057	77,107
<u>Senior High Activity</u>					
Ag Department	27,193	-	47,677	46,972	27,898
Athletic Equipment	10,194	-	-	-	10,194
General Activities	14,931	(8,978)	65,913	30,470	41,396
Annual	5,860	8,452	10,082	24,394	-
Band Club	5,845	-	7,715	6,897	6,663
Student Council	-	-	1,054	862	192
Distributive Ed. Club	4,965	-	27,917	28,772	4,110
Football Club	9,403	(362)	2,677	2,771	8,947
Band Trip	2,193	-	7,192	4,547	4,838
Baseball	5,500	-	-	2,749	2,751
Basketball - Boys	3,500	-	-	3,151	349
Basketball - Girls	3,000	-	-	2,699	301
First Tech Challenge	-	-	2,293	1,339	954
Boys Track	1,000	(175)	-	825	-
Newspaper Club	4,509	-	316	1,330	3,495
Drama Club	9,631	-	1,000	2,584	8,047
Vocal Music Club	720	(136)	748	597	735
Cross Country Club	-	-	-	-	-
Band	3,500	-	-	3,104	396
Baseball Club	2,090	-	19,031	1,296	19,825

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Changes in Special Revenue Fund
 Student Activity Accounts
 Year ended June 30, 2011

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Senior High Activity (Continued):</u>					
Basketball Club - Boys	1,181	-	10,060	9,665	1,576
Basketball Club - Girls	2,742	-	5,242	7,011	973
Concessions	65,102	-	33,643	18,486	80,259
Football	8,400	362	-	8,762	-
Cheerleader Club	4,325	-	8,682	8,576	4,431
Interest Revenue Account	26,418	-	2,408	-	28,826
Golf - Boys	1,100	60	-	1,145	15
Golf - Girls	1,100	-	-	1,040	60
Tournaments	10,841	-	2,025	3,315	9,551
Tournaments-Gates	-	-	2,405	2,405	-
Vocal Music	2,000	136	-	2,136	-
Class of 2011	4,413	-	-	264	4,149
Class of 2012	1,033	-	8,485	6,740	2,778
Class of 2013	-	-	1,008	-	1,008
Class of 2014	-	-	-	-	-
Wrestling Club	-	181	251	432	-
Volleyball Club	892	(5)	2,536	3,388	35
Softball Club	-	-	1,280	813	467
Track Club - Boys	3,019	242	1,564	4,825	-
Softball	3,150	-	-	2,074	1,076
Track - Girls	1,000	-	-	750	250
Wrestling	2,500	(181)	-	2,170	149
Cross Country Track - Girls & Boys	600	108	-	708	-
Tennis - Boys	350	-	-	247	103
Tennis Club-Boys	154	-	110	-	264
Boys Bowling	750	-	-	750	-
Miscellaneous	-	-	3,850	-	3,850
Newspaper	300	-	-	300	-
Speech	1,000	-	-	691	309
Lockers	3,283	-	-	-	3,283
Post Prom	1,067	-	-	565	502
Cheerleading	600	-	-	600	-
F.F.A. Grant	10,189	-	-	-	10,189
Drama	4,700	-	-	2,606	2,094
Girls Track Club	2,711	-	2,217	1,794	3,134
Academic Decathlon	100	-	-	-	100
Art	32	-	-	-	32
Girls Bowling	750	-	-	750	-
Club Husky	1,569	-	124	-	1,693
Manufacturing Club	3,069	-	385	19	3,435
Tennis - Girls	350	143	-	493	-
Tennis Club-Girls	150	1,360	853	516	1,847
Volleyball	2,400	5	-	2,405	-
Total	287,374	1,212	280,743	261,800	307,529

See accompanying independent auditor's report

Oelwein Community School District
Schedule of Changes in Special Revenue Fund
Student Activity Accounts
Year ended June 30, 2011

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Middle School Activity</u>					
Track Fund	-	-	-	-	-
General Activities	-	2,986	13,212	16,183	15
Softball	-	-	-	-	-
Athletic Club	292	-	1,095	-	1,387
Drama	-	433	-	433	-
Activity Office	4,454	-	48	-	4,502
Annual	-	266	2,550	2,790	26
Band Club	2	-	2,601	1,092	1,511
Basketball	-	5,125	-	5,125	-
Football	-	3,533	-	3,533	-
Magazine Campaign	3,835	(10,000)	24,502	16,931	1,406
Interest Reserve Account	19,052	(5,616)	2,199	-	15,635
Student Council	709	-	-	-	709
Student Purchases	1,479	-	-	-	1,479
Track	-	2,083	-	2,083	-
Vocal Music	-	64	-	64	-
Wrestling	-	-	-	-	-
6-7-8 Club	-	80	-	80	-
Band	-	200	-	200	-
Industrial Arts Club	678	-	-	678	-
Donations	375	-	-	12	363
Vocal Music Club	2,528	-	1,160	1,074	2,614
Volleyball	-	846	-	846	-
Total	33,404	-	47,367	51,124	29,647
Total Student Activity	383,300	-	420,964	389,981	414,283

Oelwein Community School District

Schedule of Revenues by Source and Expenditures by Function
All Governmental Fund Types

For the Last Five Years

	Modified Accrual Basis				
	2011	2010	2009	2008	2007
Revenues:					
Local sources:					
Local tax	\$ 5,545,934	\$ 5,270,409	\$ 5,089,924	\$ 5,026,687	\$ 5,107,804
Tuition	148,283	152,508	144,555	199,440	219,104
Other	877,715	921,754	864,977	1,236,568	1,088,107
State sources	8,456,138	7,710,706	8,711,974	8,008,172	7,605,094
Federal sources	1,061,070	1,582,359	760,013	667,015	598,627
Total	\$16,089,140	\$15,637,736	\$15,571,443	\$15,137,882	\$ 14,618,736
Expenditures:					
Instruction:					
Regular instruction	\$ 5,310,052	\$ 5,420,514	\$ 5,830,824	\$ 5,615,027	\$ 5,619,951
Special instruction	3,058,804	3,000,309	2,928,251	2,585,222	2,352,908
Other instruction	1,242,834	1,367,140	1,379,519	1,483,990	1,256,381
Support services:					
Student services	268,869	285,839	319,140	318,611	304,482
Instructional staff services	377,731	408,606	273,485	294,368	229,760
Administration services	368,107	445,857	381,319	349,962	319,890
School administration	727,306	721,768	696,674	730,314	702,930
Business administration	448,200	304,697	324,525	301,633	273,161
Operation and maintenance of plant services	1,236,416	1,094,763	1,170,718	1,149,626	1,067,004
Transportation services	387,891	572,093	409,235	362,915	427,714
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	397,467	28,993	1,414,502	1,260,619	406,765
Long-term debt:					
Principal	425,000	704,224	681,627	649,793	654,653
Interest and other charges	43,187	75,049	105,651	184,408	165,370
AEA flowthrough	602,564	604,776	538,116	512,133	494,326
Total	\$14,894,428	\$15,034,628	\$16,453,586	\$15,798,621	\$ 14,275,295

See accompanying independent auditor's report

Oelwein Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
School Nutrition Cluster Programs			
School Breakfast Program	10.553	FY11	\$ 73,402
National School Lunch Program	10.555	FY11	343,405
Summer Food Service	10.559	FY11	8,145
			<u>424,952</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY11	<u>325,007</u>
Special Education-Grants to States	84.027	FY11	<u>74,769</u>
Career and Technical Education	84.048	FY11	<u>626</u>
Iowa Demonstration Construction Grant	84.215	FY11	<u>246,700</u>
Title IIA-Federal Teacher Quality Program	84.048	FY11	<u>98,136</u>
Rural Education Achievement Program	84.358	FY11	<u>31,050</u>
Title IIIIE-Tech Prep	84.243	FY11	<u>1,983</u>
Title VIA	84.369	FY11	<u>8,067</u>
ARRA-State Fiscal Stabilization Fund	84.394	FY11	<u>73,992</u>
ARRA-Title I Grants to Education Agencies	84.389A	FY11	<u>128,750</u>
ARRA-SFSF Government Services	84.397	FY11	<u>65,935</u>
Title XIX Medicaid Direct	93.778	FY11	<u>1,458</u>
Total			<u>\$ 1,481,425</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oelwein Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

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Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of
Oelwein Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Oelwein Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 28, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oelwein Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Oelwein Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oelwein Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oelwein Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial


statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Oelwein Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oelwein Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oelwein Community School District and other parties to whom Oelwein Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oelwein Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.
Certified Public Accountants

November 28, 2011

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Independent Auditor's Report on Compliance with Requirements That Could
Have a Direct and Material Effect on Each Major Program and on Internal
Control over Compliance In Accordance with OMB Circular A-133

To the Board of Education of
Oelwein Community School District:

Compliance

We have audited Oelwein Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Oelwein Community School District's major federal programs for the year ended June 30, 2011. Oelwein Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Oelwein Community School District's management. Our responsibility is to express an opinion on Oelwein Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oelwein Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oelwein Community School District's compliance with those requirements.

In our opinion, Oelwein Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Oelwein Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Oelwein Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oelwein Community School District's internal control over compliance.

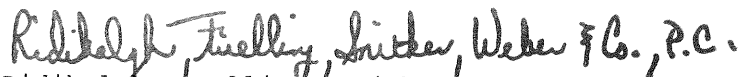
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and,

therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We noted no deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses.

Oelwein Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oelwein Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oelwein Community School District and other parties to whom Oelwein Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


Ridihaugh, Fuelling, Snitker, Weber & Co., .C.
Certified Public Accountants

November 28, 2011

OELWEIN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements.
- b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
 - CFDA Number 84.010 — Title I Grants to Local Educational Agencies
 - CFDA Number 84.394 — ARRA - State Fiscal Stabilization Fund (SFSF) -
Education State Grants, Recovery Act.
 - Clustered programs:
 - CFDA Number 10.553 School Breakfast Program
 - CFDA Number 10.555 National School Lunch Program
 - CFDA Number 10.559 Summer Food Service
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Oelwein Community School District did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

OELWEIN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Official Depositories – Official depositories have been approved by the District. The maximum deposit amounts approved were exceeded at Fidelity Bank – Oelwein during the year ended June 30, 2011.

Recommendation – The depository resolution at Fidelity Bank – Oelwein should be increased so the District does not exceed the maximum deposit amounts.

Response – The District will increase the depository resolution at Fidelity Bank – Oelwein.

Conclusion – Response accepted.

IV-B-11 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-11 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-11 Certified Enrollment – The Department of Education found 3 potential audit adjustments to the October, 2010 Certified Enrollment submitted by the District. It was determined that one student was included in the Certified Count but was not enrolled on that date, another student was enrolled on the count date, but not included in the Certified Count and one preschool child was included in the count but was not enrolled on the count date. The net result is a decline in the Certified Enrollment of .6 students. The adjustment to budget enrollment will occur on the 2012-2013 aid and levy worksheet.

IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-11 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

OELWEIN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

IV-L-11 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2011, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance		\$ 1,123,646
Statewide sales, services and use tax		837,712
Interest Income		13,409
Harkin Grant		246,700
Expenditures/Transfers Out		
School infrastructure		(252,178)
Debt service for school infrastructure:		
General obligation debt	\$ (190,199)	
Revenue debt	<u>(280,970)</u>	<u>(471,169)</u>
Ending balance		<u>\$1,498,120</u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2011 is equivalent to a reduction in the following levies:

	Per \$1,000 of	
	<u>Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt service levy	\$ 1.04391	\$ 190,199

OELWEIN COMMUNITY SCHOOL DISTRICT

AUDIT STAFF

This audit was performed by:

Gene Fuelling, CPA

David L. Fox, CPA